



Valdis Dombrovskis
Executive Vice-President of the European Commission

Jutta Urpilainen
Member of the European Commission

Brussels, **27 JUN 2022**

Dear Honourable Member,

We would like to thank you and the co-signatories for your letter of 27 April 2022, referring to the EU-led multi-stakeholder Cocoa Talks and the offer made in this context by the authorities of Ghana and Côte d'Ivoire to work towards an Economic Pact on Sustainable Cocoa. We also take this opportunity to express our gratitude for your active engagement and support for the multi-stakeholder dialogue on cocoa and for monitoring progresses in improving the sustainability of the value chain.

We wish to reassure you that collective efforts are being made to follow up on the recommendations that have been issued in the Cocoa Talks on cocoa related sustainability aspects in West Africa, including with regard to living income for farmers. To this end, the European Commission is working with stakeholders to translate the results of the Cocoa Talks into a roadmap that we will submit for endorsement at a dedicated event featuring high-level representatives from Côte d'Ivoire, Ghana and the European Union. We would very much welcome the participation of Members of the European Parliament at this event.

We would also like to acknowledge that several substantive issues raised in your letter are in line with the conclusions of the Cocoa Talks. These issues actually emphasise the need for progress in two interconnected areas:

Firstly, stakeholders confirmed that enabling a living income for farmers plays a critical role in the transition towards sustainability of the cocoa sector. To produce cocoa in a sustainable manner, farmers will have to make sizeable investments into production methods. This will come at a cost, and this cost should be reflected in the prices received for their cocoa. By doing this, cocoa producers are responding to consumer demand for more sustainable products and market actors along the value/supply chain, which will then determine the price paid to farmers, at a level that reflects the cost of producing cocoa in a sustainable way.

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Secondly, there is a need to improve the traceability of cocoa beans, and to better link this traceability to robust systems to monitor child labour and deforestation. Such systems will help to demonstrate that individual cocoa consignments comply with sustainability criteria and that they meet the requirements of upcoming EU legislation and the expectations of consumers.

Stakeholders are convinced that simultaneous progress is needed on these two workstreams to improve the sustainability of the cocoa sector. On the one hand, it is impossible to solve the problem of child labour and deforestation unless we address the root causes of unsustainable practices, especially farmers' poverty. On the other hand, producing countries must demonstrate that cocoa is free from child labour and deforestation to earn a higher price on the world market as prices and sustainability aspects are two sides of the same coin.

We are encouraged by the efforts that producing countries are already making. Côte d'Ivoire and Ghana continue to work on their price initiative – the Living Income Differential (LID) – with the objective of raising farm-gate prices and increasing the disposable incomes of farmers. Both countries are rolling out comprehensive traceability systems, which will incorporate sustainability data from child labour and deforestation monitoring systems and facilitate compliance with upcoming legislation. At the international level, the International Cocoa Organization (ICCO) has launched discussions on supply management as it can influence the international price of cocoa. We will continue to support producing countries and to engage with the ICCO as they move forward in these areas.

Finally, the EU has also engaged with the authorities of Côte d'Ivoire, Ghana and Cameroon in a dialogue on sustainability issues in the institutional bodies overseeing the implementation of the Economic Partnership Agreements (EPAs) which have also proven to be useful fora to encourage the involvement of civil society.

We would like to continue our dialogue with the European Parliament on this important topic and will also engage with you within the framework of the Cocoa Talks and other related fora.

Yours faithfully,



Valdis Dombrovskis



Jutta Urpilainen